Business Networking Within Political Policy of Coal Mining in Tanah Bumbu Regency, South Kalimantan Province

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Abstract
Business networking within political policy of coal mining in Tanah Bumbu Regency, South Kalimantan Province has become the policy issues of coal mining management because it is as the conspiracy instrument to build business patronage (economic) and political power through local election (pilkada). Involvement of actors (coal mining businessmen) behind the local election have reflected the conspiracy form of business interest and politics within political landscape in political capitalization and procedural democracy. Business networking within political policy of mining which has been built at local actors involving central actors and apparatus occurs from local level until central level as the structured networking. Political policy of mining stayed on central of transactional politic within local election and patronage of economic and politics. These can be seen in the coal mining management system, especially related with publishing process of mining business licensing. Thus, resolving a bad coal mining practice or the profanity of political policy of coal mining in Government of Tanah Bumbu Regency should be important to make the policy with more people interest-oriented. Policy or regulation made is not only profitable for the mining businessmen and other interest group, but also profitable for people. Transparency and accountability should become more rational consideration and mutual mechanism for all parties, so these can increase the welfare of local people by management of abundant mining. Study and review is very important to give an evaluation of the business network in the political policy of coal mining in recent decades. Political content and spirit of the new mining policy reflects an understanding that policy is very different from the public interest. As such, it has the potential to bring substantial changes, not only in the role of political elites and public administration nationally, but the relation between the state and society. However, this study discusses the business network in politics mining policy centered on the elite and businessmen in the system of political-administrative Indonesia as two factors that hamper the implementation of political policies coal mining effective and transparent

Keywords: Political Policy, Business Networking of Coal Mining.

A. Introduction
Changing of political power in democratization era is not always aligned with the fall of oligarchy power. The oligarchy power has actually been decentralized into local level. Decentralization policy has given the changing of power institution as an attempt to finalize the oligarchy power and nepotism practice through a new institutionalism, but it was actually abused by local actor to build a new predatory of oligarchy power at local level. Decentralization issue has been hijacked by local capitalist and political elites to build a new oligarchy with dominating democracy institution (legislative institution and political party) or to place the loyalists in government bureaucracy (executive); (Perkins 2004).

In democratization era which has been signed by local election (Pemulukada) to elect the head of local directly has become the costly competition arena and invited the penetration of capital power within political arena, either as candidate of local head or as donor; (Muhaimin 1991). The successful candidate of local head would give economic concession as political remuneration through giving some infrastructure projects and other economic facilities who has been rolled as political broker in the local election (Aspinall and As’ad, 2013; 2014; Hidayat, 2006). Within natural resources policy management context, in an New Order era had given social economic distortion for some regions who have a natural resources potential, but not gave an economic contribution significantly for the regions. A region does not have a power economy sharing from their own natural resources potential, because the region was placed within domination structure by the central. As a result, the region as owner of natural resources has experienced the left behind of socio economic and infrastructure development within abundant of natural resources.

Indonesia is as one of the country with the great natural resources, but the reality reflected a situation which the local master has become an decentralization issue as conspiracy arena and corruption practice or mafia in natural resources management. The only actors and interest groups who have a good connection with power circle will be able to enjoy the natural resource of the rich region economically. Some involvements of foreign actors in exploration of natural resources, specially in mining sector has become an extension of the hand from global capitalist had exacerbated the profanity of natural resources. In perspective of political economic study, coal mining activities in South Kalimantan has become one of patronage source in building business networking of mining political policy among local actors which involves some central actors through patronage relationship
of political party. Political business networking through patronage relationship of political party is as the interesting phenomenon to scrutinize within local political landscape in South Kalimantan. Business networking within political policy of mining which has been built at local actors involving central actors and apparatus person from local level until central level as the structured networking. Therefore, the actors have competed to self-reposition entering into the power circle become loyalist or entrepreneur of clients. This patronage networking was born by activities as mining entrepreneurs which became a part of success team or donor in local election process (Aspinall and As‘ad, 2013).

Business networking within political policy of mining which had been built among actors by using the power institution and regulation or some local regulations (Perda) related with natural resources mining is not reflecting or standing for public interest. The power institution and regulation or policy is more appearing to stand for market interest (entrepreneur) or other certain interest groups. Political policy of mining which has been operating in this time as the legislative product can not be separated from hidden economic and politic interests. Those interests are appearing on implementation of mining policy to be only limited for profit of political elite group and investor than public interest.

Political policy of mining has been staying on transactional political hub in Local Election arena and economic and politic patronage. Those can be seen from one of aspects in the coal mining management system, especially related with publishing process of business mining license (IUP). Therefore, an argument of this study is explaining the business networking pattern and politics between the state (local power and investor (mining entrepreneur) which was full of transactional and patronage because the changing of power institution as the consequence of democratization process in mining management which was not supported by local government accountability and local government responsiveness. This is the problems of mining political policy in Tanah Bumbu Regency of South Kalimantan Province.

B. Theoretical Review

In literature review was found some conclusions, such as Hidayat (2006), Susanto 2006, and Erman (2006) believed that there was the facts regarding the ruler's conspiracy with entrepreneur by using the natural resources management issues or the coal mining in building the political business networking with involving some business actors within direct local election. This is consistent with argument of McCarthy (2007), in his review regarding decentralization of natural resources management showed that there was collaboration of local elite with investors. However, Wellstead (2011) had studied the decentralization of coal mining management in East Kalimantan showed the full of patronage and rent-seeking patterns which has an effect for destruction of economic source because the people's land have been taken over by the mining company.

Different things were found by Ahmed and Mbombo (2002) in their article, "Does decentralization have a positive impact on the use of natural resources?" Ahmed and Mbombo found some facts in some countries which have applied decentralization of natural resources management can increase the people welfare. Studies by Aman, (2002); CPPS and UNDP, (2003); (Sumarto), 2003) have highlighted the natural resources management aspect in decentralization era which have been much giving social conflicts between local people and companies or the conflict were happened on the same local people because the competition of management for natural resources. Study by Udiansyah (2006) regarding on the coal mining management in South Kalimantan in decentralization era and it's impact for social life and people economic and also it's impact for Locally-Generated Revenue (LGR) in South Kalimantan has become the reference.

The local actor and other interest groups have together built the business client networking which centralized on formulation of local oligarchy behavior within the local natural resources management. These have reflected the character of corporatocracy as like defined by Perkins (2004) that corporatocracy character was rolled by actors in building oligarchy of economic power. Winters, (2006, 2011) has much expressed the oligarchy character related with an economic resources management and politic in this country. According to Winters "oligarchy character is structured to enter into the power institution networking and democracy institution and also political party. According to Winters (2006), the political process is on one people power, but it has a source of economic and political power, so it has capable to control the other majority powers.

The theoretical claim of Winters was based on good relationship between the structured economy and politic within political or power system. Therefore, according to Winters (2006), the oligarchy is as behavior to dominate and control an economic and political resources which can be used to defend or increase the personal wealth and other groups. Winters (2006) introduced the concept of “wealth defense”. Throughout the course of history, the material wealth concentrated on minority is always inviting a threatening from outside people who want to dominate or distribute again the wealth. This was meant as taking over the material resources from oligarchy. Therefore, the political dynamics of oligarchies are always relating with those threatens, and how the oligarchy defends the wealth. These wealth defenses include two components, such as wealth defense and income defense. Winters (2006) gave a definition of oligarchy as the system refered to political of wealth defense by an actor who has material wealth. On this concept, Winters (2006) presented an important aspect
regarding oligarchy, that is the wealth has become material resources for oligarchies power and the political
dynamics to be managed politically.

Alford, et al, (1985) within *Powers of Theory, Capitalism the State and Democracy* had expressed in
class perspective, individual, organization, and society should be seen as part of total of social contradiction
among capital accumulation and class struggle (Alford, et al, 1985: 285). Those contradictions can be seen from
state's role and function which more stand for the dominant class or capitalist than public interest. This alignment
of country to the capital makes the state is not neutral in making public policies. These were caused by any state
interest to protect the capital accumulation. Because by the capital accumulation, the state can fulfill it's
structural needs, both economic or political structures. For example, the tax was paid by capitalist. The state can
get an income and operating the policy (Balock, 1977).

Effect of depending to those capitals, Przeworski as political scientist described that state becomes hostage by capitalism interest. Frank (1973) within *The Development of Under development* stated two factors for the state becomes dependent, such as: First, intervention of foreign capital to the third countries; second, collaboration of local government with bourgeoisie. This explanation can also be seen in the work of Wilber: *The Political Economy of Development and Underdevelopment*. In dependence condition, Alford expressed that the state has been trapped by industrialist class interest. Then, the state gives political power compensation to capitalist for insuring an economic growth, thus the state policies to be exchanged or persuaded by capital (Alford, et al, 1985). The business networking within political policy which was involving Soeharto's cronies has much been expressed by some experts, such as Robison 1990, McIntyre, 1991, Schwarz, 1995, and Winters, 1996, they are believing that in the facts, the quasi capitalism or crony capitalism have made some problems, and one of the problem is in public policy context. Implementation of development policy in Indonesia during New Order era had been mediated by and via the state bureaucracy mechanism (Wahab, 1999). For the New Order, elites group in the developing country has an important role in creating and implementing the policy, including in this elite groups are military leaders. Repressive situation for political power in one side and liberalization economy in other side have become the contradiction views. Because, the state must protect the accumulation capital in one side and in other side should give an expectation for the democracy growth as the capitalist countries insured the property right and also political right (Alford, et al, 1985). Study of Hidayat (2007:267-303) and Hamid (2006) found that shadow state symptom has growth and given an opportunities for local elites to get a power. This power owned by local boss plus the resources owned will relate the economic resources, political, cultural and symbolism. This profit principle has survived the patronage relationship pattern and client from owner of capital resources by accepting the capital.

C. Political Policy Within Coal Mining in Tanah Bumbu

Decentralization and local autonomy became a conspiracy arena of local actors in the natural resources
management. In natural resources management context, the local authority has exploited the natural resources in
an effort to increase the Locally-Generated Revenue (LGR). Therefore, by regulation and policy related with
natural resources will give an easiness and opportunity for entrepreneurs or investor in local and central to do the
business in the local area. If this empirical fact is compared with study of Udiansyah (2006), then the coal
mining management should give an impact for social life and citizen economic and also an increasing of
Locally-Generated Income (LGR) in South Kalimantan.

Entrepreneur of mining is often not considering an environment and social, they are only using an
economical logic in receiving the Locally-Generated Income. Therefore, in local autonomy and decentralization
as a reflection of more opened democratization process has given a structure for local elites to easy giving
license. Thus, the natural resource in local level is trapped by local oligarchy or elite capture corruption with
argument on behalf decentralization and local autonomy. For Udiansyah (2006), policy and regulation in form of
Local Regulation (Perda) of mining is as predatory regulato, it means that the mining management is more
pathological who has patronage and transactional, one of it's impact is more heavy profanity of environment.

Corruption in natural resources sector is very worrying, either in forestry or mining sectors. The local
government has taken over for forest function and given the mining license on behalf of local autonomy. Taking
over of land function from forest into farm has been uncontrolled. One of effects is an economy oppression to
expand the palm tree plantation. The license of taking over the forest function has become an easy way to take
profit for the local head since a local autonomy applied. This was also happened in the mining sector, according
to the research result, there is 10.918 license of mining enterprises (IUP), for about 44.66 percent or 4.877 IUP have a problems (non clear and non clean). According to Dibra (2013), decentralization and social intervention should develop a democracy process that aims to increase the complex collaboration among some governmental level: central government, local government, and city government who have increased the people participation and social organization persistently not based on patronage and transactional patterns.

One of the local actor's conspiracy modus is the mining license process as the arena of negotiation for
interest between authority and entrepreneurs. Because there is a negation in publication of license relating with
fund for this mining enterprises license (IUP) publishing. Tanah Bumbu is famous as one of most area which publishes mining enterprises license in South Kalimantan. If this empirical condition were compared with argument of Were (2013), then this can be said that the decentralization of natural resources in Tanah Bumbu is not implemented rightly based on local people intention, because stakeholder has a different degree in controlling the decision which has an effect for decentralization policy, politician position and government have greater power than stakeholder. The politician and government have more power an decision effect than other stakeholder.

Research result showed that there are 10.677 mining enterprises license (IUP) to be published by the government during 2009 until 2012. This is related with an effort to increase exploitation for mining resources and to invite investors from abroad, national and local. This mining enterprises license has become an arena for practical of corruption, collusion, and nepotism (CCN), mining mafia, and power abuse. CCN practice, mining mafia, and power abuse are strong related with political cost for political elite or actor which has been fight to get political power in local election and legislative election. Hidayat (2006), Susanto (2006), and Erman (2006) found the facts regarding authority's conspiracy by using the coal mining management issue in South Kalimantan for political interest and direct local election. Ribot (1998; 2001; 2002) stated that local elites are always doing a conspiracy with entrepreneur to use patronage networking to obtain the power both economic or politics.

In era of Susilo Bambang Yudhoyono's government during the first period between 2004 until 2009 was found the mining enterprise license got 10.776 to be published. This was not included the license of working contract (IKK) and working agreement of coal entrepreneur (PKP2B) which was issued during in a New Order era which got extension in government of Susilo Bambang Yudoyono. This condition is as a mirror to see landscape of profanity within mining management in Tanah Bumbu related with much of IUP issued by the local government, in this manner is the Mining Service of Tanah Bumbu. Publication process of IUP has a relationship with Environmental Agency of Tanah Bumbu. Mining Agency and Environmental Agency have strong relationship before IUP issued, because IUP is related with AMDAL and UKL-UPL. During this time, AMDAL and UKL-UPL are not only formality for every publication of IUP. Hadiz and Robison (2004) stated that the power which becomes a circle authority dominating an economic structure and political structure are still strong inherent in elite actors.

Tanah Bumbu Regency is as the mostly region who issued the IUP, which is not calculating and considering the impacts of hundreds IUP published has made a victim of policy for local community and environmental degradation. There are two forms of mining licenses, first PKP2B which published by government, General Director of Mineral and Coal (Dirjen Minerba), Ministry of Energy and Mineral Resources. Second, the license was published by local government, called as IUP. If the publication process of license was based on procedure and regulation applied, then it would be no problems. The problem is when the mining company has a license but in mining management does not implement the good mining practice management, but bad mining practice management. According to Robison (1985), although every policy are always staying on state authority, but the investor as an actor out of state (extra-state) as the interest group can influence the state policy.

Some cases happened in the mining area which their licenses were published by central government as called PKP2B, they must be responsible if there is problems in the mining area of PKP2B because the central government has published this license. However, the local people have never understood that issues, because the mining area is in local area, so that it makes a serious problems. The local government also has an argument to get profit, although the company has license of PKP2B, but the local government must accept the risk of mining. In mining business is involving many actors which influences a policy or the existing regulation, the mining business involves much actors and interest groups have become a interest conspiracy arena which was built by patronage pattern within mining networking. According to Robison, state and capital are the patrimonial relationship and corporate association which used by state as a tool to transform an interest within policy process. For mining company who has IUP and UKL-UPL are always in controlling. If there are mining companies violating the regulation, then their license will be revoked. For PETI activities without IUP, then the police will close this activity. Related with environment destruction, then the wrongness is not only for Environmental Agency (BLH). BLH is only one of stakeholder and still much other stakeholder related with mining policies management, particularly from police which must reinforce the law of mining company. According to Mas’oed (2003), the state is as an autonomy actor who has ability to act but always contradictory with social class interests.

In AMDAL and UKL-UPL publication process are not easy and should be elective because the mining entrepreneur which admits the request would not be proceed if the requirement are not met. The research result showed that Tanah Bumbu Regency is as the area which mostly giving IUP, but it was not giving a positive effect for local community, and the people live not far from mining area are only accepting the negative effect. IUP has become conspiracy arena between authority and entrepreneur for economic and political interests. Mining is only enjoyed by people in mining business networking. They are the entrepreneur, political elite,
 patron of the local authority, and the business crony. Although Tanah Bumbu Regency is one of mining producer in South Kalimantan, but this does not give a welfare impact for local community. Who has enjoyed the mining result are only the parties which have networking with company, such as local officials, political elites, security officers, and others. Conspiracy between local authority and companies are very strong. Therefore, in some conflicts between local community and companies are responded very slowly, so that it makes the community's angry and sometime this makes conflict with security officers. Mackie (1984) stated that without other actors out of government which can balance it, then the government can defense their mechanism work that tends to be “dirigiste”, this mechanism emphasizes to the government controlling for economic process colored by patrimonial structure which protects some out of government which can balance it, then the government can defense their mechanism work that tend to be dominated the natural resources, license, credit, and other important factors which determines the wealth the people interest. Mackie (1984) stated that the centralized power surrounding political-economy have accumulation, and sacrifice the local people.

People have been discriminated and even prisoned because demanding their right as the owner of land or protects community is intimidated by security officer because the local community was protesting for company. So some Disappointments for member of Local Representative and the local government are because there is no protection for community, the community lands were taken by palm tree plantation, then it is changed into mining area, but this does not get compensation. The empirical facts are a conspiracy between actors, authority, and entrepreneurs. Government is only issuing IUP, but no law reenforcement and control for palm tree and mining companies. In this manner, the most suffering are the local community. In some cases, the local community is intimidated by security officer because the local community was protesting for company. Some people have been discriminated and even prisoned because demanding their right as the owner of land or protects the people interest. Mackie (1984) stated that the centralized power surrounding political-economy have dominated the natural resources, license, credit, and other important factors which determines the wealth accumulation, and sacrifice the local people.

The company's presence in the village is only enjoyed by the authorities and entrepreneurs. Authorities have become entrepreneurs also, so that these would be not different between officials and criminals. People figures which participated to struggle the community right had been arrested and prisoned because they are suspected as provokator. Government should be as people servant, but they are as people's enemy; Saidi (1998) stated that this dirigism terminology refers to the states inclination to intervene the society activities or economic managements.

D. Conclusion

Business networking within political policy of coal mining in Tanah Bumbu Regency, South Kalimantan Province has become the policy issues of coal mining management because it is as the conspiracy instrument to build business patronage (economic) and political power through local election (pilkada). Actor involvement (coal mining entrepreneur) behind the local head election has reflected the business interest and political conspiracies form within political landscape in the middle of capitalization of politics and procedural democracy. Actors (coal mining entrepreneurs) has positioned themselves as the playing makers who can regulate the political game pattern within local election and finally appearing as local boss and shadow government which will control some policies related with political policies of mining.

Modus of business conspiracy within political policies of coal mining can be seen on appearing of "coordination fund", and "gang ration" (jepre), this term has been popular in community mining ear which reflects regarding bad mining practice management during this time. In addition, there is publication for some mining enterprises license (IUP) which was issued by Local Government (Bupati) which often avoids the transparency and accountability principles, but the officials more emphasizes on loyalty principle and relationship pattern within patronage, omission for illegal mining (PETI), any conspiracies of actors in mining business, and omission for mining activities without license (PETI). Some actors have supported PETI activities, such as an increasing of coal demand, inactive of license holder, less awareness of community law, easiness to coal mining in field. Actor of PETI are capital owner, equipment owner (heavy equipment and transportation), miner, collector ("stock pole" owner). In addition, there is publication for some mining enterprises license (IUP) issued by Local Government (Bupati) which is not transparent and accountable, but it is more emphasizing on patronage relationship pattern, the regulation is not balanced by law reinforcement or control from the related institution. The conspiracy or negotiation was conducted silently and under cover.

Political policy of mining management has happened during this time is the Government of Tanah Bumbu Regency tends to avoid a local people role or participation. Really, the mining management needs involvement of stakeholder in order to the mining policy management can give the positive impact for social welfare and local people economic and not only profitable for certain groups who have connection with local elites or local bureaucracy. Therefore, to help people in increasing their welfare should get more serious attention from Local Government of Tanah Bumbu. This research has attempted to study and apply the relation between actor which was built within political policy of coal mining in Tanah Bumbu Regency, so this topic needs the following research as an agenda of future research.

Therefore, this study recommended to overcome a bad coal mining practice or profanity of political policy of coal mining system by Tanah Bumbu Regency, the government should make a policy which more emphasizing the people interest. Policy or regulation made is not only profitable for the mining businessmen and
other interest group, but also profitable for people. In addition, the transparency and accountability need to be more rational consideration and mutual mechanism for all sides, so the result of abundant mining result management can increase the welfare of local community. Improvement for democracy and victim of policy within mining policy should be conducted in order to be fit with the mechanism and transparent, not becomes an interest negotiation arena between authority and entrepreneurs. Publication of license should be done to avoid bargaining related with fund within issuing of IUP.

References
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### Appendixes:

Table 1. Total of Mining Enterprises License for Coal Commodity in Tanah Bumbu Regency until 2014

<table>
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<th>No.</th>
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<td></td>
<td>Expired</td>
<td>Valid</td>
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<td>1</td>
<td>Exploration License</td>
<td>2</td>
<td>49</td>
</tr>
<tr>
<td>2</td>
<td>License of Productivity Operation</td>
<td>31</td>
<td>207</td>
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<tr>
<td></td>
<td>Total</td>
<td>33</td>
<td>256</td>
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Source: Document was processed from Mining Agency of South Kalimantan Province, 2014.

Table 2. Total of Mining Enterprises License for large land (ha) in Tanah Bumbu Regency until 2014

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<td></td>
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<td>Valid</td>
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<td>License of Productivity Operation</td>
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Source: Document was processed from Mining Agency of South Kalimantan Province, 2014.

Table 3. Total of Regulations for Coal Mining Management in Tanah Bumbu Regency.

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<td>Regulation of Central Government.</td>
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<tr>
<td>2</td>
<td>Regulation of Government of South Kalimantan Province</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Regulation of Government of Tanah Bumbu Regency</td>
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</tr>
<tr>
<td></td>
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Source: Document data processed.